

Financial Planning and Challenges for College Libraries in Present Era

Atanu Das¹ and Gayatri Paul²

¹*Vivekananda College for Women, Barisha, Kolkata-700008*
e-mail : atanud_s@yahoo.co.in

²*Indian Association for the Cultivation of Science, Jadavpur, Kolkata-700032*
e-mail : libgp@iacs.res.in

Abstract: This article indicates the various financial problems associated with the college library budget. It studies the meaning of budget and examined the various techniques of budgeting that may be use in the libraries for fund acquisition and allocation. It draws the necessary steps to be taken for library budget preparation and finally concluded with the role of librarian for better utilization of limited fund.

Keywords: Fund crisis, Budget planning, Library budget, Fund allocation, Library finance

1. Introduction

Libraries have to play central role in the lives of colleges in supporting teaching-learning process. Development of collection of such library is very vital for the users and it is the responsibility to the academic librarians to provide the required literature and information to the students, faculties and non-academic staff of the college where they worked. It is experienced that the allotment of fund for library is not increases proportionately and most of the college libraries in Kolkata are passing in the time of financial constraints.

This financial crisis resists the development of modern library services. At this stage, college librarians have to face the challenges to provide library services with limited amount of fund. The first challenge to the librarian is the power to prepare library budget. Most the colleges prepared their library budget without any consultancy with the librarian except few cases. Fund to be utilized in any financial year for the library purpose was decided by the College Authority. Rising cost of materials is the second challenge to the librarian. Cost of books, periodicals, audio-visual materials increases day by day and inflation rate is also high. So allocation of fund at the fixed rate is creating difficulties to the librarian to acquire the required documents for library.

Again increasing number of title published in the market on different disciplines taught in the Colleges and unpredictability of the funding is another probable problem to the librarian. Which title should we purchase? Whether the additional copy for the existing title will acquire or nor? are the common questions the librarians have to face. Some time it is found that disbursement of fund made on the opinion of the college authority and the librarian have to utilize the fund within very short period which leads to acquisition of unusable titles. Distribution of allotted fund to the various departments is also another challenge to the librarian. What amount to be allotted to which department in each subject? What should be the ratio? The development of a satisfactory distribution of book funds among departments is actually a rather complicated matter. A crucial problem relates to whether the funds

allotted for the purchase of new books for the several departments shall be considered a part of the departmental budget or a part of the library budget. A balance distribution of fund is most challenging to the college librarian. Sometimes it is found that already allotted funds may be claimed back by the administrator. Technological advances are creating a number of problems and challenges with respect of resources collection and library services. New types of services have been created making older ones obsolete. Slowly and steadily library moves from print resources to e-resources, as a result, library required more and more fund to provide the new emergent library services.

2. Financial aspects of library finance

The development and execution of the library budget is one of the most important tasks of the librarian. The process should be integrated with the planning and evaluation of library services. Once the prepared budget reviewed and approved by the Authority, the budget serves as a roadmap for the delivery of library services in the subsequent year.

2.1. What is budget? The word budget derived from the French word *bougette* which means purse. A budget is a statement of financial plan which shows the estimated revenues and expenditures. A budget can be made for a person, family, group of people, business, government, country, multinational organization or just about anything else that makes and spends money.

2.2. Why budget? The budget provides information about how much money needed to carry out library activities. It forces to be rigorous in thinking through the implications of library activity planning. There are times when the realities of the budgeting process force librarian to rethink about action plans. Proper used of the budget tells when organization will need certain amounts of money to carry out its activities. The budget enables to monitor income and expenditure and identify the related problems, if any. It is the basis for financial accountability and transparency. When everyone can see how much should have been spent and received, they can ask informed questions about discrepancies. Expectation for more funds cannot possible unless a planned budget is there as it is a basis for deciding whether the additional requisition is reasonable and well-planned.

2.3 What are the budget revenues? The budget revenues means the sources of fund that may be utilized for the development of library in term of library materials, man power, services etc. The main sources of fund for college libraries include grants from various agencies such as University Grants Commission, State Government etc. A library fee from the students is another source of fund. Fines, disposal of library materials, fees for reprography and printing service etc. are also generate fund for the library.

2.4. What are the budget expenditures? The budget expenditures include the expenses for library documents (such as books, periodicals, A/V materials), library furniture, fixture and equipment, repairing/erection of library building etc.

2.5. How estimated fund requirement be calculate? There are three different methods to estimate the library fund requirement. Under *per capita method*, a minimum amount per user of the library is fixed as library budget. In *proportionate method*, a certain proportion of the total college budget allotted to the library as library budget and *method of details* find out the financial requirements of a library based on the details of expenditure required for the budget period.

Although not trained as accountants, librarians rely on accounting information for strategic planning and operational decision making. Increased demands for institutional accountability, with university performance, and costs under increased scrutiny, place

librarians under increased pressure to maintain quality services, while faced with decreased funding and tighter budgets.

3. Budgeting techniques for financial planning

Budgeting refers to a course of action based upon an estimate of assumed income and expenses. It is simply a term defined as a plan of operation where one reviews their income and expenditures, often in the effort to create a strategy in order to achieve some financial goal or goals within a specific period of time. There are numerous budgeting techniques found in practice. Some of them are often used in the library. These are:

3.1. *Line-item budgeting*: Line-item budgeting is probably the most common budgeting system. It makes all increases and decreases to the budget equal for all units on a percentile basis. Basically, there is a line for every type of expenditure e.g. library materials, electricity, travel, and a numbering system to keep track of them. The great problem with line-item budgeting is that they don't show the true costs of services or programs, which are comprised of several line items. And the individual line items each support several programs. Line item budgeting is very easy to cut with no real accountability for the consequences.

3.2. *Incremental budgeting*: Incremental budgeting use the figures of the actual expenditure for the previous year with a percentage added for an inflationary increase for the next year. This is an easy method that saves time but it is the "lazy" way and is often inaccurate. This budgeting technique is only suitable for organizations where each year is very similar to the previous one in terms of activities. Very few dynamic organizations or projects are so stable that this budgeting technique really works for them.

3.3. *Formula budgeting*: Formula budgeting is typically used by the government bodies as a means of distributing its money to its sub units. A formula is essentially a set of pre-defined rules accepted by the authority. When formula budgeting is used in a particular institution, different formulas are used for different units. For example, the library and physics lab would probably have different formulas for budgeting as part of the college. Some of the factors that are considered for formula budgeting are number of students, users, space coverage, number of services provided etc. The advantage of formula budgeting is that it is easy to predict the funds required for a particular unit. But this system of budgeting does not consider the new programmes or innovative practices.

3.4. *Performance budgeting*: Performance budget aims to evaluate the performance of various responsibility units. This method measures the quantity of performed activities. For example, data on the number of books acquired, classified and catalogued, actual man hours work for circulation service etc. The quality of performance of the activities is very difficult to measure in terms of money costs. Careful accumulation of data over a certain period of time is essential to this approach. It requires cost-benefit analysis to establish priorities. Costs are presented in terms of work to be accomplished, so that the emphasis is on cost at the expense of service. The great difficulty of performance budgeting is to classify all operations into functions, programmes and activities.

3.5. *Programme budgeting*: Programme budgeting is the short form for Planning, Programming and Budgeting System (PPBS). This is a budgetary process meant for making operation more effective and efficient, through improved allocation of resources. It aims at optimum utilization of available scarce resources so that maximum benefit can be derived. Budgets are prepared for the different programmes of the library such as administrative services, technical services, readers' services, reference services etc. Cost-benefit analysis is carried out for each programme so that the most favourable can be selected out of alternative sub-programmes. PPBS is mainly used in non-profit organizations to enable them to make

more improved decisions about resources allocation. For example, if an academic library system is planning a 'Request an Article' service for their users, then the cost of the service in term of staffing, materials documents is calculated and presented.

3.6. Zero-Based Budgeting: Zero-base budgeting is a modern management tool for planning and controlling expenditure. ZBB critically reviews and questions justification for the previous year's activities and spending and in such a way starts planning from Zero-base and therefore, it is termed as Zero-base budgeting. It is based on not what happened in the pervious year but rather on future requirements. It was developed by P.A. Pyhrr in 1970 and used by him in Texas Instruments Corporation of USA as a manager of Personnel Control Department. Under ZBB, there is a continuous re-evaluation of the activities of the organization to ascertain that activities are absolutely necessary for the organization. Activities which are of no value or less essential find no place in the forthcoming budget. ZBB affords a choice amongst the alternatives so that activities would be selected in order of their importance. It facilitates identification of inefficient and unnecessary activities to avoid wasteful expenditure of the library. Librarians must first identify the priorities and justify their costs. ZBB works as follows

- The work in the library is broken up into units; e.g. circulation, journals, books, etc
- Priorities of units are established based on goals and objectives of the organization
- Cost of operating each unit is worked out
- Each unit then ranked in priority order and presented for approval or rejection
- Finally approved or rejected based on affordability.

3.7. Activity-based budgeting: The idea behind this model is the cost transparency and effective cost management. It is a logical approach to the management of the organization, which helps to learn to assess the organization's process and to identify their cost. There is no holding cost inside the organization, there are only activities carried out for customer services which in turn lead to charges.

3.8. Multi-year budgeting: Multi-year budgeting is nothing but the budgeting for more than one year. There are opportunities in the course of the two years to make needed adjustments, but basically this type of budgeting is seen as a useful planning tool. Indeed, proposing a new library programme and estimating what it is going to cost and perhaps save in Year 1 and Year 2 can be a very helpful in persuading funding authorities to adopt it. The problem with multi-year budgeting is the surprise decline in revenues or the inability to respond flexibly when a new problem emerges that a library programme might mitigate.

4. Budget Planning

Budgeting means the act of drawing or preparing budget in a concern for a fixed future period. It is the task or functions of drawing up statements in planning for estimated revenues and corresponding expenses of a concern for a fixed future period. It is not a day or two or by mere oral discussion, but is a continuous job. The library has endeavored to maintain a balance, effecting budget for collections and services as well as to positions, and to make choices that offer the prospect of rebuilding recognized areas of strength once the financial conditions improve. Before going to prepare the library budget, a librarian must:

- Understand the values, strategy and plans of the library
- Understand what it means to be cost effective and cost efficient and
- Understand what is involved in generation and rising funds

5. Budget planning factors

The preparation of budget and implementation of budgetary control in a modern library requires an effective budget programme with the help of a sound and efficient organization. The following are the principal budget planning factors generally considered for the better functioning of budget organization.

5.1. *Budget period*: A budget period is a period of time for which the budget is prepared and operated. There is no hard and fast rule for the selection of budget period. The budget period may be (i) short term- a period of one year or less, (ii) medium term- two or three year period, and (iii) long term- more than five year period. Generally long term budget is prepared for construction of library building. Medium term budget is generally preparing for purchase of stacks, furniture etc. and short term budget for acquisition of books, journal, annual maintenance charges etc.

5.2. *Budget committee*: Budget committee is a committee formed with few members for formulation of a general programme for preparing budget and for exercising overall control over implementation of the budget. A budget committee will provide guidelines for preparation of functional budgets evaluate and revise the estimates before preparing the final budget and prepare master budget.

5.3. *Budget manual*: A budget manual is a written document, book-let or schedules indicating the policy of the budget, objectives of budget organization, procedures to be followed in budgeting, forms to be used and the responsibilities to be created at different levels. A budget manual provides the rules and instructions for budgeting, routine and procedures and all other affairs regarding budgetary control. So a budget manual indicates what to do, how to do, when to do and in which form to do.

5.4. *Budget centre*: The budget centre is a section of the organization for the responsibility of executing the budget will be fixed. Library is to be treated as a cost centre of the college. The main objective of setting up budget centre is to judge whether costs are controlled at the point of occurrence or not.

5.5. *Organization chart*: An organization chart is chart used in budgeting and budgetary control showing the authority and responsibilities of each members of the budget committee with the other members in the committee. So an organization chart shows the scope of authority and responsibility of the members and their inter-relationship at a glance.

5.6. *Limiting factor*: Limiting factor or key factor in budgeting is that factor which influences directly to the preparation of a functional budget and extent of whose influence must be assessed first of all. There may have only one or more limiting factor for the library budget. The limiting factors are to be identified and diagnosed carefully at the time of budgeting because the budget will be meaningless or purposeless unless these are not considered in depth. The fund, space, library staff etc. are the some limiting factors which should be consider at the time of preparation of library budget.

6. Budgeting planning procedure

Budgeting is not a single task. A proper procedure should be followed for ensuring a useful budget. Preparation of budget requires a systematic process consisting of a number of sequential steps. If these steps are not followed systematically one after another the budget will not be proper and accurate. The following are the different steps to be followed for preparation of budget of a modern library:

- Identification of the key aims for the budget period

- Identification of any major external changes likely to affect the library
- Determination of principal budget factor or limiting factor
- Initial preparation of the functional budget
- Review and co-ordination of the subsidiary budgets by the Budget Committee
- Consolidation of individual functional budget into a single Master Budget
- The Master Budget is to be presented to the College Authority for approval, if approved, the budgets are finalized
- Otherwise revised the budgets

The budget planning cycle should look like this:

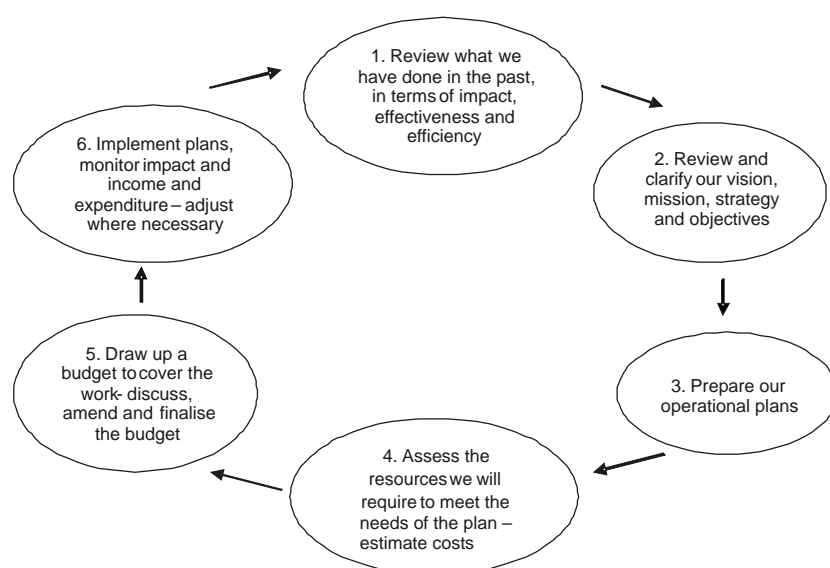


Fig.1 : Budget Planning Cycle

7. Librarian's role under fund crisis

The digital revolution boosts the library user's demand for accessing the wide range of library services at 24/7. Again social, economic, educational and technological developments including the growth of social networking, virtual learning and research environments change the traditional library services. Librarians have to face the kinds of financial pressures to outline the above, they have to ensure to providing the high levels of services and continue to same. Librarians have to perform a leading role for the preparation of library budget and implementation which are as follows:

7.1 Fund acquisition: Librarian should know the sources of fund for library. Internal sources of fund includes college's own grant, photocopying fees, fines for late returns of library documents, sales of old periodicals, movie shows etc. and external sources includes various grants from the external agencies, donations etc.

7.2 Budget preparation: Librarian should embrace the principle of decentralized budgeting. Departmental heads and subject experts would then be involved in preparing and managing library budgets. This will enhance managerial skills and democratize fiscal management resulting in more transparency and accountability in the library's financial

dealings. The budget format should reflect the categories and items that are decided for estimation for the library and must allow for sub-totals and for a total expenditure. Librarian should cultivate the culture of budgeting. Some form of financial management system should be used for the library. No matter how small the resources allotted, a plan must be made and/or implemented.

7.3 Fund allocation: Proper allocation is essential for better utilization of fund. The collections found deficit would be given high priority in the form of a need based assessment for departmental allocation of fund.

7.4 Documents acquisition: Librarian should monitor the selection and acquisition of print and electronic resources for the library so that the acquired documents should be highly usable and the fund utilized properly.

7.5 Allocation control: Budgets are prepared in advance and there is likely to be price increases between the time of preparation and the time when the amount is spent. A handsome consideration should be made at the time of budget estimation. Budget monitoring is required to measure how closely the library is meeting its objectives in terms of its finance. A variance report is to be prepared to compare the actual revenues and expenditure against the budgeted amount for the budgetary control purpose.

7.6 Long term planning: Long term planning for the library includes extension of library building, acquisition of new furniture and fixtures, purchase of new racks and almirahs etc. Librarian should take active role for the designing of the library layout.

7.7 Value creation: Fostering an environment in which students and others can make effective use of library holdings as well as resources held by other institutions.

7.8 New services: Finally the librarian has to create the facilities to access the electronic subject information with the help of information communication technology. The cost of introducing new library services should be cost effective and long term benefit should be available from there.

8. Conclusion

If the budget has been grooming carefully and steadily with the needs of the library, it will be found that some budgets do not need to be expanded nearly as high. Gather as much information as possible to build budget requests; this is especially important in view of the financial crises we are all facing. Statement supporting budgets must be precise and sensitive to change yet make able to provide continuity.

Again what it means in practiced terms is that librarians will have to become familiar with the concepts and techniques employed in economic planning and some will head to become much more familiar with the educational, social and technological needs of the member served.

Finally management of libraries requires an awareness of the political context in which they operates. It was thought that the fate of libraries and the quality of library services was more affected by extraneous factors such as the authority's attitude, personal grievance, students' militancy etc. than by the library staff.

Acknowledgement

The authors are wishes to thank to the College Librarian those who are providing the required suggestion for this article.

References

- Basu, A. & Mitra, J.K. (2003). *Cost and management accounting*. Kolkata: Tee Dee Publications.
- Glynn, T. & Wu, C. (2003). New roles and opportunities for academic library liaisons: A survey and recommendations. *Reference Services Review*. 31(2). 122-128. doi: 10.1108/00907320310476594
- Gupta, S.K. (1989). *Granthagar prashasan (Library administration)*. Kolkata: West Bengal State Book Board.
- Jacobs, L. and Strouse, R. (2002). What is your budget saying about your library? *Information Outlook*. 6(6). Retrieved January 2, 2012, from <http://www.sla.org/content/Shop/Information/infoonline/2002/jun02/jacobstrouse.cfm.htm>
- James-Gilboe, L. (2010). Raising the library profile to fight budget challenges. *The Serials Librarian*. 59. 360-369. doi: 10.1080/03615261003623112
- Kalyan, S. (2009). Library materials budget allocation strategy for a mid-size academic library: A case study. *The Acquisitions Librarian*. 15(29). 119-131. doi: 10.1300/J101v15n29_10
- Linn, M. (2007). Budget systems used in allocating resources to libraries. *The Bottom Line: Managing Library Finances*. 20(1), 20-29. doi: 10.1108/08880450710747425
- Mahapatra, P.K. & Chakraborty, S.S. (1993). *Granthagar prashasan (Library administration)*. Kolkata: The World Press.
- Mittal, R.L. (1987). *Library administration: Theory and practice*. New Delhi: Metropolitan Book Co.
- Randall, W.M. (1931). The college library book budget. *The Library Quarterly*. 1(4). 421-435. Retrieved January 2, 2012 from <http://www.jstor.org/stable/40039686>
- Reeves, F.W. & Russell, J.D. (1932). The administration of the library budget. *The Library Quarterly*. 2(3). 268-278. Retrieved January 2, 2012 from <http://www.jstor.org/stable/4301905>
- Sale, A. (2007). A challenge for the library acquisition budget. *D-Lib Magazine*. 13(5/6). doi: 10.1045/may2007-sale
- Smith, D.A. (2008). Percentage based allocation of an academic library materials budget. *Collection Building*. 27(1). 30-34. doi: 10.1108/01604950810846224
- Walters, W.H. (2011). A regression-based approach to library fund allocation. *Library Resources & Technical Services*. 51 (4). 263-278.